



TRIHEALTH CAPTURES \$31 MILLION IN SUPPLY CHAIN SAVINGS

Strategic Initiative with Navigant Helps Reduce Pharmacy, Perioperative and Purchased Services, and Imaging Costs

CHALLENGE

In February 2016, [TriHealth](#) faced an \$11.5 million budget shortfall that the health system sought to eliminate by the close of the fiscal year in June 2016. Located in Cincinnati, TriHealth comprises five hospitals, two stand-alone emergency department facilities, and more than 140 sites of care.

TriHealth engaged Navigant to help identify opportunities for labor, supply chain, and revenue cycle savings that could enable the health system to meet its fiscal year 2016 budget. Leaders also worked with Navigant to pinpoint opportunities for performance improvement across the organization that would better position TriHealth for a value-based environment.

The assessment uncovered more than \$180 million in margin improvement opportunities — with more than 400 areas of potential savings identified in supply chain alone.

SOLUTION:

Once TriHealth tackled its budget challenge, the health system extended its partnership with Navigant, focusing on new opportunities to drive savings and performance improvement. One area that presented opportunities was the supply chain. Navigant [research](#) shows most hospitals could reduce their supply chain expenses by 18%, for an average savings of nearly \$10 million per hospital — without affecting quality.

“One of the biggest challenges we faced in supply chain was the fact that we were in possession of so many benchmarking, efficiency, and productivity tools that we were paralyzed,” TriHealth’s Kevin Connor says. “We didn’t fully understand how to use them effectively, so we weren’t able to implement the tools to sustainably improve efficiency or outcomes.”

“Navigant brought in a team that supercharged our supply chain performance, achieving savings much faster than we could have on our own. Now, supply chain is viewed as a strategic department at TriHealth, rather than just a service. Our track record of success in supply chain bolsters this view.”

KEVIN CONNOR
VICE PRESIDENT, SUPPLY CHAIN MANAGEMENT
TRIHEALTH

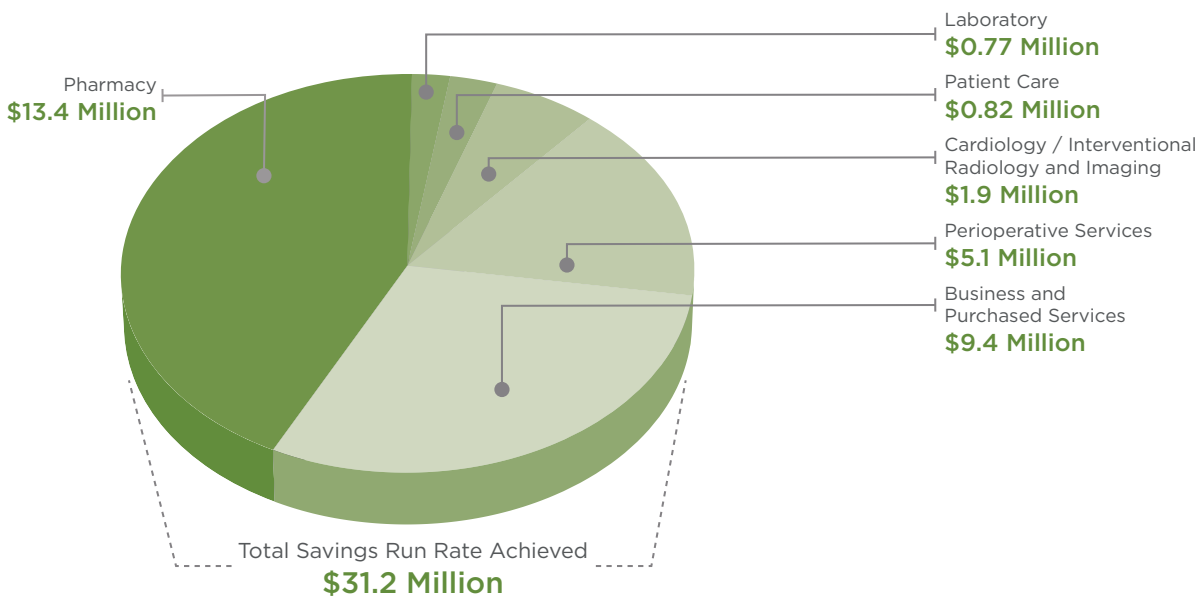
At TriHealth, efforts to improve supply chain performance began with jump-starting the organization's value analysis processes. "Prior to engaging with Navigant, our value analysis wasn't optimized," Connor says. "We needed strategic guidance because there was a lot of confusion around the value analysis taking place."

Navigant worked with TriHealth to refine and re-launch its value analysis program with a more streamlined approach, capitalizing on teams that were already in place and creating new value analysis processes for patient care, perioperative services, cardiac catheterization, interventional radiology, purchased services, laboratory, and pharmacy. Each team included TriHealth supply chain leaders, Navigant experts, clinicians (including physician and executive service line leaders and nurses), and representatives from data analytics and finance.

TriHealth also created new leadership positions for supply chain services. "In the past, value analysis initiatives did not have the executive support needed to drive results," says Deb Brown, RN, BSN, associate director for Navigant. "Now, TriHealth has an executive-level leader of supply chain, which increases executive transparency for value analysis initiatives and helps secure C-level support."

IMPACT

TriHealth Captures \$31 Million in Supply Chain Savings



Then came the task of prioritizing the 403 supply chain opportunities identified, based on their value, potential benefits, and ease of implementation. The largest successes came from pharmacy: TriHealth sought ways to reroute patients to the right providers to maximize the value of specialty pharmacy initiatives.

TriHealth also worked with Navigant to:

- Restructure many of its physician preference contracts, including in the areas of orthopedics, spine, and trauma care.
- Renegotiate business purchased services.

"With all the moving parts of this initiative, the quality time Navigant spent with our contracting leaders has been invaluable," Connor says.

Finally, communication was critical to the initiative's success. The new supply chain leadership, with Navigant's guidance, established on-going, action-driven communication opportunities with TriHealth senior leadership to keep them updated on early successes, progress to-date, and any potential roadblocks. This strategy was highly effective to keep the senior leadership team engaged and supportive of the program throughout implementation.